

1 Section 5.6.6.2 – This subsection notes that, to the extent Verizon fails to provide
2 adequate billing code information on more than 5% of calls, Cavalier may bill Verizon at
3 access rates. This subsection also notes that Cavalier may request that Verizon cease routing
4 such calls to Cavalier upon 10 days notice. This provision already exists in Cavalier access
5 tariffs and has been used effectively to obtain payments for access charges.

6 Section 5.6.7 – This subsection redefines network usage to correspond with the usage
7 determination in Cavalier’s access tariffs.

8 Section 7.2.2 – This subsection correlates the carrier codes with transit traffic.

9 **Q. What is the gist of this contract language?**

10 A. Cavalier is simply trying to ensure it has the information it needs to render accurate
11 bills. Verizon, and Cavalier for that matter, should not let other carriers pass information on
12 each other’s network without proper identification. If Verizon continues to pass this
13 potentially fraudulent information, Verizon should either be accountable for the resulting
14 minutes or cease routing the traffic to Cavalier.

15 It all starts with a proper network architecture and an adherence to that architecture.
16 As Mr. Cole testifies, Verizon needs to monitor and correct its usage on the local and access
17 trunks, and require all other carriers to insert a CIC code, or JIP code if that’s sufficient, on
18 the billable record. This is really a simple solution. But if Verizon will not police the
19 records on its end, then the contract language would protect Cavalier from a revenue
20 shortfall, with a default billing to Verizon.

21 **Q. If another carrier besides Verizon were passing non-billable records to Cavalier,**
22 **would it be practicable for Cavalier to deal individually with all carriers?**

1 A. That is really not a viable solution. There are hundreds of carriers in this country.
2 Ideally Cavalier would have in place a negotiated direct interconnection agreement with
3 every carrier of every type. But even if this is theoretically possible for Cavalier, that day is
4 years away. Moreover, in the big picture, it is altogether unrealistic – and an anti-
5 competitive barrier to entry -- for the MPB system’s “fix” to consist of every U.S. carrier
6 negotiating an agreement with every other U.S. carrier. (If, for example, 200 carriers each
7 had to negotiate 200 separate agreements with one another, that would result in 4,000 sets of
8 negotiations and resulting contracts, played out every couple of years at the time of renewal.)
9 Verizon as the transit provider, as the keeper of the bridge, is in a much better position to
10 require other interconnecting carriers to supply the appropriate information for billing. The
11 meet-point bridge is the single source of universal connectivity in place at the current time.
12 We will engage direct connections with other carriers, but that takes some time, and not all
13 carriers will establish direct connections. In the interim, Verizon is alone in its position to
14 impose some minimal order upon the billing process.

15 **Q. Would you think that Verizon has the same interest in this area as Cavalier?**

16 A. Yes, Verizon should certainly want to stop fraud. The irony is that Verizon raised
17 this issue in an August 2003 Wall Street Journal article. But in this case Verizon has a
18 different interest as the tandem transit provider. It has all the information it needs to render a
19 transit bill. It is getting its money, and does not seem concerned that Cavalier cannot bill
20 accurately.

21 But the shoe could easily be on the other foot, if and when Cavalier provides a transit
22 service. At that point Verizon would find itself in Cavalier’s shoes. The proposed contract

1 language changes would apply to both Cavalier and Verizon. I am sure Verizon would
2 appreciate the added language, if the shoe was on the other foot.

3 **Q. Are these issues being address in any industry forum?**

4 A. I do not know what aspects of this issue are being discussed in any industry forum, let
5 alone whether or when they will be resolved in any forum. I do not believe, however, an
6 industry forum is the best place to have this issue resolved, where the parties today can
7 resolve the issue among themselves. Both Cavalier and Verizon can initiate action to
8 improve the quality of inter-carrier billing. The adoption of the attached contract provisions
9 could greatly move that initiative forward and ultimately provide a tremendous aid and
10 protection to the industry.

11 **Deposit and Prepayment**

12 **Q. For Issues C21 and V34, why does Cavalier object to the language proposed by**
13 **Verizon?**

14 A. My understanding of § 20.6 of the interconnection agreement is that it imposes
15 potential deposit and prepayment obligations.

16 **Q. Why is the deposit obligation a problem?**

17 A. Cavalier's current interconnection agreement with Verizon does not have any deposit
18 provision, and Verizon has not explained why a unilateral deposit obligation should apply.
19 Also, my understanding is that the language of § 20.6 allows Verizon to impose these
20 obligations whenever Verizon decides that any bill dispute brought by Cavalier is not "bona
21 fide," and that Verizon can invoke these provisions even with respect to past payment
22 disputes. Cavalier and Verizon have had major billing disputes over the past four years, and
23 as part of those disputes, Verizon has threatened to impose service "embargoes" and

1 terminate interconnection agreements even when Cavalier was working with Verizon to try
2 to resolve what Cavalier thought were substantial billing errors by Verizon.

3 **Q. Could Cavalier pay the deposit requested by Verizon?**

4 A. No. Cavalier has told Verizon that it could not possibly pay such a deposit. In
5 Virginia, Cavalier pays Verizon about \$2.5 million a month for unbundled network elements,
6 which includes about \$1.5 million a month for two-wire loops and about \$700,000 a month
7 for DS1 loops. Cavalier simply does not have the financial resources to hand over \$5 million
8 to Verizon for a Virginia deposit. Ironically, Verizon will make any payment disputes more
9 volatile if it succeeds in forcing its deposit language on Cavalier, because Verizon could
10 demand an immediate \$5 million if it decided that it thought any dispute by Cavalier (no
11 matter how small or large) was not “bona fide.” Cavalier would then immediately be faced
12 with potential insolvency, and would have an incentive to seek bankruptcy protection rather
13 than try to pay disputed or even valid amounts due to Verizon and other creditors.

14 **Q. What is the problem with the prepayment obligation?**

15 A. Again, the prepayment obligation is a new one not found in Cavalier’s current
16 interconnection agreement with Verizon, and it allows Verizon to demand prepayment for
17 any amounts that Verizon unilaterally decides are not subject to a “bona fide” dispute.
18 Again, Cavalier does not have the financial resources to shift payment arrangements.
19 Cavalier pays Verizon approximately \$5.0 million a month across Cavalier’s footprint, and a
20 majority of that is already billed in advance. Adding an estimated payment obligation on top
21 of those arrangements would merely complicate and add to the existing burden on Cavalier.
22 Also, like the deposit obligation, this provision simply increases the financial risk to Cavalier
23 under the interconnection agreement. Verizon could dispute 100% of all bills sent to it by

1 Cavalier, which would amount to a substantial sum for an item like access charges. In turn,
2 Cavalier could dispute several thousand dollars of bills twice in a six-month period in
3 Virginia, and be faced with a demand for immediate payment of \$7.5 million in deposits and
4 advance payments in Virginia, which would immediately drive consideration of potential
5 insolvency or bankruptcy. In my opinion, Verizon does not need the ability to make such
6 demands, because it already holds all of the cards by being the supplier of unbundled
7 network elements like two-wire loops and DS1 loops, which it can cut off on sixty days'
8 notice under other provisions of the contract. In addition, as I already mentioned, Verizon
9 bills most charges 30 days in advance already. The bottom line is that Verizon is not really
10 trying to protect itself financially, but is trying to drive Cavalier out of business.

11 Embargoes

12 **Q. For Issue C24, why does Cavalier propose changes to the language suggested by**
13 **Verizon?**

14 A. Cavalier's proposed changes to § 22.4 of the interconnection agreement stem from
15 Cavalier's bad experience with Verizon imposing embargoes in Virginia. Cavalier and
16 Verizon have traded embargo threats in other jurisdictions, but Cavalier is at a disadvantage
17 in Virginia. If an incumbent local exchange carrier ("ILEC") like Verizon provides sixty
18 days' notice of discontinuing service, then the Virginia State Corporation Commission ("the
19 SCC") typically requires a competitive local exchange carrier ("CLEC") like Cavalier to
20 provide at least thirty days' notice of discontinuance to its own customers. When Cavalier
21 and Verizon had a payment dispute in 2003, Verizon provided its 60-day notice to the SCC,
22 which led the SCC to inform Cavalier that Cavalier would have to provide each and every
23 one of its customers with notice of discontinuance of service within another thirty days. In

1 2003, Verizon eventually postponed its discontinuance of service, but only one week at a
2 time, while a settlement was finalized. However, during that time, Cavalier faced the
3 constant pressure of having to inform all of its customers that it would stop providing service.
4 Moreover, Verizon makes substantial mistakes in its billing. For example, in January 2003,
5 Verizon postponed past embargoes because of material flaws in Verizon's own calculations.
6 The type of notice that Verizon foists on Cavalier through Virginia embargoes, coupled with
7 Verizon's own billing and calculation errors, would create massive uncertainty among
8 Cavalier's customers, perhaps based on flawed calculations, and it would lead to immediate
9 and substantial losses from Cavalier's customer base.

10 In sum, allowing Verizon to continue imposing these unilateral embargoes on
11 Cavalier would undo five years of organic growth by Cavalier in a matter of days. In all
12 likelihood, it would immediately drive Cavalier out of business.

13 **Q. What solution does Cavalier propose?**

14 A. Cavalier proposes removing the forced notice of discontinuance to its customers, by
15 conditioning discontinuance of service by either side on a decision about the validity of a
16 payment dispute. Cavalier does not propose language that requires a formal evidentiary
17 hearing or trial before the Judges of the SCC. Instead, Cavalier proposes language that
18 would only require a full and fair opportunity for the affected party to make its case.

19 **Q. Does Cavalier not already have the right to make its case in such situations?**

20 A. Yes. Like Verizon's affiliate in Delaware did when Cavalier's affiliate there
21 threatened a service embargo, Cavalier could initiate an emergency proceeding. However,
22 unlike in Delaware, Cavalier faces the one-sided and unfair threat of being forced to notify its
23 customers of discontinuance. Instead of forcing Cavalier to seek emergency relief to prevent

1 that situation, Cavalier suggests a precondition of review by the SCC or, if the SCC will not
2 act, the Federal Communications Commission (“the FCC”). That minor shift is intended to
3 prevent the drastic situation of Verizon using a payment dispute to drive Cavalier out of
4 business. It would also require SCC (or FCC) approval before Cavalier could discontinue
5 access or other services to Verizon.

6 **Monetary Damages**

7 **Q. Why does Cavalier propose new language for Issue C25?**

8 A. This change is simple. Cavalier has agreed to all of the other limitations of liability
9 sought by Verizon, including damages for breach of contract. In return, Cavalier wants to
10 keep both parties on the hook for potential damages under the Telecommunications Act of
11 1996 and similar laws, and under the antitrust laws. Cavalier believes that, otherwise,
12 Verizon will have a much-diminished incentive to perform its obligations under the
13 interconnection agreement. Cavalier believes that the Virginia performance assurance plan is
14 too complex, ungainly, and subject to interpretation to serve that purpose. That is
15 particularly true after the SCC recently tilted any Verizon payments under that plan strongly
16 away from UNE loop (“UNE-L”) providers and toward UNE platform (“UNE-P”) providers.

17 **Q. Does that conclude your direct testimony?**

18 A. Yes.

1 **Declaration of David O. Whitt**

2


3 I declare under penalty of perjury that I have reviewed the foregoing testimony and that

4 those sections as to which I testified are true and correct to the best of my knowledge.

5

6 Executed this 23rd day of September, 2003.

7

8 

9

10 David O. Whitt

1.12(b) “Carrier Identification Code” or “CIC” is a numeric code assigned by the North American Numbering Plan (NANP) Administrator for the provisioning of selected switched services. The numeric code is unique to each entity and is used to route the call to the trunk group designated by the entity to which the code was assigned.

1.46 “Jurisdiction Information Parameter” or “JIP” is a numeric code included in the Initial Address Message for a call, as specified in American National Standards Institute (ANSI) standard T1.113.3 §3.23A. The procedures for the JIP are specified in ANSI T1.113.4 §2.1.10C. The Address Signal field of the JIP identifies the originating local network for the call.

~~1.46—Intentionally omitted.~~

1.48 “Local Routing Number” or “LRN” is a 10-digit number in the Service Control Point (SCP) database maintained by the Numbering Portability Administration Center (NPAC), used to identify a switch with ported numbers.

~~1.48—Intentionally omitted.~~

5.6 Measurement and Billing (excluding Meet Point Billing)

5.6.1 Additional Terms and Conditions for Meet Point Billing are addressed in Section 6 ~~only~~.

5.6.2 Except as otherwise provided in this Agreement, each Party will bill and record in accordance with this Agreement those charges the other Party incurs as a result of purchasing Network Elements, Combinations, Interconnection, Reciprocal Compensation charges, and Resold Services as set forth in this Agreement, as applicable. With respect to each bill rendered by Verizon to Cavalier, such bill shall be consistent with (i) the terms of the agreement entered into by Verizon and others on August 20, 1999 in settlement of *MCI Worldcom, Inc. and AT&T Corp. v. Bell Atlantic Corp.*, FCC File No. EAD-99-00003 (“Settlement Agreement”), as may be amended from time to time, and any collaborative proceedings or arbitrated decisions arising from that Settlement Agreement; and (ii) the provisions of the Application of GTE Corporation, Transferor and Bell Atlantic Corporation, Transferee, Memorandum Opinion and Order, Appendix D, CC Docket no. 98-184, FCC 00-221 (rel. June 16, 2000) (“Merger Conditions”). Notwithstanding any other provision of this Agreement, if any provision contained in this Section 5.6 (and/or Schedule 5.6 of this Agreement) conflicts with any term or condition of the Merger Conditions or otherwise would require Verizon, prior to the time period contained in the Merger Conditions or in a manner inconsistent with the Merger Conditions, to implement any Verizon OSS process, interface, or business rule, including but not limited to the Change Management Process, or any Verizon OSS

Services as those terms are defined in this Agreement, the term or condition contained in the Merger Conditions shall prevail. If any provision contained in this Section 5.6 (and/or Schedule 5.6 of this Agreement) and any provision of the Settlement Agreement as may be amended from time to time, and any collaborative proceedings or arbitrated decisions arising from that Settlement Agreement cannot be reasonably construed or interpreted to avoid conflict, the terms of the Settlement Agreement shall prevail. Conflicts among this Section 5.6 (and/or Schedule 5.6 of this Agreement), the Settlement Agreement, and the Merger Conditions shall be resolved in accordance with the following order of precedence, where the document identified in subsection “(a)” shall have the highest precedence: (a) the Settlement Agreement; (b) the Merger Conditions; and (c) this Section 5.6 (and/or Schedule 5.6 of this Agreement).

5.6.3 Bills will be provided by each Party on a monthly basis and shall include: (a) all non-usage sensitive charges incurred for the period beginning with the current bill date and extending up to, but not including, the next bill date, (b) any known unbilled non-usage sensitive charges for prior periods, (c) unbilled usage sensitive charges for the period beginning with the last bill date and extending up to, but not including, the current bill date, (d) any known unbilled usage sensitive charges for prior periods, and (e) any known unbilled adjustments. A CSR (Customer Service Record) will automatically be included with each monthly Verizon bill for each applicable Billing Account Number (BAN). The CSR is an inventory of recurring Network Elements and/or Resold Services provided to the CLEC and, in addition to other information, includes for each such recurring Network Element and/or Resold Service the quantity, the Universal Service Order Code (USOC), description and monthly recurring charge.

5.6.4 The Bill Date, as defined in Schedule 5.6, must be present on each bill transmitted by the billing Party.

5.6.5 Each Party shall provide the other Party at no additional charge applicable contact numbers for the handling of any billing questions or problems that may arise during the implementation and performance of the terms and conditions of this Section and Schedule 5.6.

5.6.6 ~~EacheE~~To facilitate accurate billing to the originating carrier, each Party shall pass sufficient information to allow proper billing, in the form of Calling Party Number (“CPN”), CIC, LRN, OCN, and/or JIP information Calling Party Number (“CPN”) information on each call, including Transit Traffic, carried over the Interconnection Trunks. Except as set forth in Sections 4.2.7.15(c) and 5.7.6.9 of this Agreement with respect to the determination of V/FX Traffic (as such traffic is defined in Section 4.2.7.15(c)) and billing of applicable charges in connection with such V/FX Traffic, ~~the~~The Parties agree to use CPN~~appropriate information in the form of CPN, CIC, LRN, OCN, and/or JIP information, as set forth below.~~

5.6.6.1 If the originating one Party passes CPNsufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, on ninety-five percent (950%) or more of its calls, the its calls that it sends to the other Party, then the receiving Party shall bill the originating Party carrier the the

~~Reciprocal~~Local~~Reciprocal~~ Compensation Traffic termination rates, ISP-bound~~Measured~~ Internet Traffic rates, intrastate Switched Exchange Access Service rates, intrastate/interstate Transit Traffic rates, or interstate Switched Exchange Access Service rates applicable to each relevant minute of traffic, as provided in this Agreement (including for the Parties, the rates specified in Exhibit A and applicable Tariffs), for which sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN is passed. For the remaining (up to ten five percent (105%) of) calls without sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP CPN information, the receiving Party shall bill the originating other Party carrier for such traffic at Local~~Reciprocal~~ Compensation Traffic termination rates, ISP-bound~~Measured~~ Internet Traffic rates, intrastate Switched Exchange Access Service rates, intrastate/interstate Transit Traffic rates, or interstate Switched Exchange Access Service rates applicable to each relevant minute of traffic, as provided in this Agreement (including for the Parties, the rates specified in Exhibit A and applicable Tariffs), in direct proportion to the minutes of use of calls passed with sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN information.

5.6.6.2 If one the originating Party passes sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN on less than ninety-five percent (95%) of its calls, the receiving Party shall bill the other Party the higher of its intrastate Switched Exchange Access Service rates or its interstate Switched Exchange Access Service rates for that traffic passed without sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN which exceeds ten five percent (105%), unless the Parties mutually agree that such other rates should apply to such traffic. For any remaining (up to ten five percent (105%) of) calls without sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN information, the receiving Party shall bill the originating other Party for such traffic at Local Traffic termination rates, ISP-bound Traffic rates, intrastate Switched Exchange Access Service rates, intrastate/interstate Transit Traffic rates, or interstate Switched Exchange Access Service rates applicable to each relevant minute of traffic, as provided in this Agreement (including Exhibit A and applicable Tariffs), in direct proportion to the minutes of use of calls passed with CPN informationthe higher of its interstate Switched Exchange Access Service rates or its intrastate Switched Exchange Access Services rates for all traffic that is passed without sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, CPN, , unless the Parties agree that other rates should apply to such ~~traffic~~:

traffic. Notwithstanding any other provision of this Agreement, if the receiving Party is not compensated for traffic passed without sufficient information to allow proper billing of traffic, in the form of CPN, CIC, LRN, OCN, and/or JIP, then the other Party must cease routing such traffic from its switch(es) to the receiving Party upon ten (10) days' written notice to the other Party. If the receiving Party is not compensated for such traffic, and the other Party does not cease routing such traffic upon ten (10) days' written notice from the receiving Party, then the receiving Party may cease

receiving or terminating such traffic immediately, without further notice or any liability whatsoever to the other Party.

5.6.7 At such time as a receiving Party has the capability, on an automated basis, to use such CPN information to classify traffic delivered by the other Party, such receiving Party shall bill the originating Party the Reciprocal Compensation Traffic termination rates, Measured Internet Traffic rates, intrastate Switched Exchange Access Service rates, or interstate Switched Exchange Access Service rates applicable to each relevant minute of Traffic for which CPN is passed, as provided in this Agreement (including Exhibit A and applicable Tariffs). If the receiving Party lacks the capability to use CPN information to classify, on an automated basis, traffic delivered by the other Party, the originating Party will supply auditable factors, (i.e, Traffic Factor 1 and Traffic Factor 2) on a quarterly basis, based on the previous three months' traffic, and applicable to the following three months. The Traffic Factor 1 and Traffic Factor 2 factors applicable upon the Effective Date are specified in Schedule 5.6.7. Such factors may be updated by the originating Party quarterly by written notification. Measurement of billing minutes for purposes of determining terminating compensation shall be in ~~conversation network~~ seconds (the time in seconds that the Parties equipment is ~~used for a completed call,~~ measured from the receipt of answer supervision to the receipt of disconnect supervision)-~~used~~). Measurement of billing minutes for originating toll free service access code (e.g., 800/888/877) calls shall be in accordance with applicable Tariffs. Determination as to whether traffic is Reciprocal Compensation Traffic or Measured Internet Traffic shall be made in accordance with Paragraphs 8 and 79, and other applicable provisions, of the FCC Internet Order (including, but not limited to, in accordance with the rebuttable presumption established by the FCC Internet Order that traffic delivered to a carrier that exceeds a 3:1 ratio of terminating to originating traffic is Measured Internet Traffic, and in accordance with the process established by the FCC Internet Order for rebutting such presumption before the Commission).

5.6.8 Measurement of billing minutes for purposes of determining terminating compensation shall be in conversation seconds. Measurement of billing minutes for originating toll free service access code (e.g., 8YY) calls shall be in accordance with applicable tariffs.

7.2 Tandem Transit Traffic Service ("Transit Service")

7.2.1 Transit Service provides Cavalier with the transport of Tandem Transit Traffic as provided below. Neither the originating nor terminating Customer is a Customer of Verizon.

7.2.2 Transit Traffic may be routed over the Interconnection Trunks described in Sections 4 and 5. ~~Cavalier~~ Each Party shall deliver each Transit Traffic call to ~~Verizon~~ the other Party with CCS and the appropriate Transactional Capabilities Application Part ("TCAP") message to facilitate full interoperability of those CLASS Features supported by ~~Verizon~~ the receiving Party and billing functions. In all cases, each

Party shall follow the Exchange Message Interface (“EMI”) standard and exchange records between the Parties.

For such Transit Traffic, each Party shall also deliver other necessary information consistent with industry guidelines; such information shall be sufficient to allow proper billing of such Transit Traffic, including but not limited to CPN, CIC, LRN, OCN, and/or JIP information.

7.2.3 Cavalier shall exercise best efforts to enter into a reciprocal Telephone Exchange Service traffic arrangement (either via written agreement or mutual Tariffs) with any CLEC, ITC, CMRS carrier, or other LEC, to which Verizon terminates Telephone Exchange Service traffic (originated by Cavalier) that transits a Verizon Tandem Office. Such arrangements shall provide for direct interconnection by Cavalier with each such CLEC, ITC, CMRS carrier or other LEC, without the use of Verizon’s Transit Service.

7.2.4 Except as set forth in this Section 7.2.4, Verizon will not provide Tandem Transit Traffic Service for Tandem Transit Traffic volumes that exceed the CCS busy hour equivalent of 200,000 combined minutes of use to a particular CLEC, ITC, CMRS carrier or other LEC for any consecutive three (3) months (the “Threshold Level”). At such time that Cavalier’s Tandem Transit Traffic exceeds the Threshold Level, Verizon shall continue to provide Tandem Transit Service to Cavalier (for the carrier in respect of which the Threshold Level has been reached) for a period equal to sixty (60) days after the date upon which Verizon provides written notice (in accordance with Section 28.12 of this Agreement) to Cavalier that the Threshold Level was reached for the subject carrier (the “Transition Period”). During the Transition Period Cavalier shall exercise best efforts to enter into a reciprocal Telephone Exchange Service traffic arrangement with the subject carrier pursuant to Section 7.2.3 above. If, at the end of the Transition Period, Verizon believes Cavalier has not exercised good faith efforts to promptly obtain a reciprocal Telephone Exchange Service traffic arrangement with the subject carrier, Verizon may submit the matter to the Dispute Resolution process set forth in Section 28.11 of this Agreement. During the Transition Period, in addition to any and all Tandem Transit Traffic rates and charges as provided in Section 7.2.6 hereof, Cavalier shall pay Verizon (a) a monthly “Transit Service Trunking Charge” for each subject carrier, as set forth in Exhibit A hereto, and (b) a monthly “Transit Service Billing Fee”, as set forth in Exhibit A hereto. If, at the end of the Transition Period Verizon does not terminate the Transit Traffic Service to Cavalier, Cavalier shall continue to pay Verizon (a) a monthly “Transit Service Trunking Charge” for each subject carrier, as set forth in Exhibit A hereto, and (b) a monthly “Transit Service Billing Fee”, as set forth in Exhibit A hereto.

7.2.5 Intentionally omitted.

7.2.6 ~~Cavalier~~Each party shall pay Verizonthe other party for Transit Service that ~~Cavalier originates~~the paying party originates, at the rate specified in Exhibit A, plus any additional charges or costs that the terminating CLEC, ITC, CMRS carrier, or

other LEC, properly imposes or levies on ~~Verizon~~ the compensated party for the delivery or termination of such traffic, including any Switched Exchange Access Service charges.

7.2.7 Cavalier may, in its sole discretion, offer Transit Traffic Services to Verizon or other third parties that originate or terminate Transit Traffic. Arrangements for such services shall be comparable to those applicable to Transit Traffic Services provided by Verizon.

7.2.8 Neither Party shall take any actions to prevent the other Party from entering into a direct and reciprocal traffic exchange agreement with any carrier to which it originates, or from which it terminates, ~~traffic~~.

traffic. Each party shall provide affirmative but reasonably limited assistance to assist the other party in negotiating direct and reciprocal traffic exchange agreements with any carriers to which that party originates, or for whom that party terminates, traffic. Such affirmative but reasonably limited assistance shall consist of timely providing information, timely responding to inquiries, and (to the extent that other time and resource demands allow) participating in discussions and negotiations with third parties. Such affirmative but reasonably limited assistance shall also be limited to situations in which the party providing such assistance is materially involved in the exchange of traffic that is subject to the direct and reciprocal traffic exchange agreement that the other party is negotiating or seeking to negotiate. In no instance shall either party's assistance be required when it is manifestly and objectively clear that the other party is merely refused interconnection by a third party in a way that could be timely and effectively redressed by action of the Virginia State Corporation Commission or some other forum.

7.2.9 For the avoidance of any doubt, the provisions of this Section 7.2 shall not restrict any right that Cavalier has under Applicable Law to access to unbundled Network Elements to exchange traffic with third-party carriers.

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Petition of Cavalier Telephone, LLC)	WC Docket No. 02-359
Pursuant to Section 252(e)(5) of the)	
Communications Act for Preemption)	
of the Jurisdiction of the Virginia State)	
<i>Corporation Commission Regarding</i>)	
Interconnection Disputes with Verizon)	
Virginia, Inc. and for Arbitration)	

**TESTIMONY OF JOHN HARABURDA
ON BEHALF OF CAVALIER TELEPHONE, LLC**

CAVALIER EXHIBIT ____

September 23, 2003

1 **Q. Please state your name, business address, job responsibilities and**
2 **background?**

3 A. My name is John Haraburda. My business address is 2134 W. Laburnum Ave.,
4 Richmond, VA. I am employed by Cavalier Telephone Mid-Atlantic, LLC, as Manager
5 of Revenue Assurance. In that role I have the responsibility of billing other carriers for
6 access and reciprocal compensation. I manage what traditionally has been referred to a
7 Carrier Access Billing System (CABS). I have been in this role for Cavalier for a little
8 over a year.

9 **Q. What is the purpose of your testimony?**

10 A. Like other CLECs, Cavalier today does not receive the information it needs on the
11 call detail record to render accurate inter-carrier access and reciprocal compensation bills.
12 Cavalier has itself implemented a billing process to overcome these inadequacies, but it is
13 a “band-aid” solution to all of the industry’s current issues of fraudulent network usage
14 and inaccurate billing. Cavalier is proposing a billing process paradigm that places
15 certain reasonable expectations and responsibility upon the carrier, Verizon, that hands
16 off terminating traffic from third party carriers to Cavalier.

17 **Q. What are these new responsibilities Cavalier proposes?**

18 A. These responsibilities are really not new. Carriers have always been obligated to pass
19 correct billing information to the other carrier. The “new” facet would be the
20 implementation of this obligation in our proposed contract language.

21 **Q. If those responsibilities have always been there, why is it so important to**
22 **delineate those responsibilities in a particular manner?**

1 A. Our current band-aid billing solution is not a viable answer over the long term. There
2 are significant billing problems that must be addressed now.

3 **Q. Would you please describe the problems and the magnitude of those problems?**

4 A. Call detail information, to identify the proper carrier and calling number, is missing
5 on 17% of all minutes that terminate on Cavalier's network. To account for this
6 condition Cavalier is forced to make certain assumptions to bill the correct carrier and to
7 bill that carrier the correct rates. But in the final tally the bills are based upon a set of
8 assumed facts, not hard data. We believe Verizon should supply us with the hard data to
9 render accurate bills.

10 **Q. What call data should be provided to render accurate bills?**

11 A. It is really very simple. Cavalier has a current need to know, first, the identity of the
12 proper carrier to bill and, second, where the call originated. The need to know which
13 carrier to bill is self-explanatory. But it is also important to know where the call is
14 coming from (the "Calling Number"). Under today's multi-jurisdictional regulatory
15 scheme, different rates apply to different types of traffic.

16 **Q. How does Cavalier obtain its call data?**

17 A. Call data comes from two primary sources -- recorded information from the Cavalier
18 switches and data on "meet point billing tapes" supplied by Verizon.

19 **Q. Why do you have two different sources for call data?**

20 A. Walter Cole testifies that the interconnection network architecture contains two main
21 trunk groups, an interconnection trunk for local calls and an access trunk group for toll
22 calls. Further, as Mr. Cole testifies, for the interconnection trunks, termination is billed
23 from our own switch records, but for the access trunks, we have to rely upon Verizon to

1 send tapes to identify the carrier that delivered the call to Verizon. For billing we merely
2 “read” both sets of billing information to extract the underlying carrier, the calling party
3 (originating telephone number (NPA/NXX)), and the billed minutes. This information is
4 extracted on a call-by-call basis.

5 **Q. When you read these billing tapes, what does the information reveal?**

6 A. The information reveals incomplete and messy data. For example, a detailed review
7 of the August 1, 2003 Carrier Access Billing Records shows many holes in the
8 underlying billing data. Specifically, I examined call detail information from 369.6
9 million minutes of use, 64.1 million minutes of such use from Verizon’s Meet Point
10 Billing (MPB) tapes and 305.5 million minutes from Cavalier’s switch data. From this
11 data the following issues come forth:

12 **a) Same “From” and “To” Telephone Numbers**

13 The MPB records included 6.1 million minutes that contained a Carrier
14 Identification Code (CIC), but the calling number appears the same as the called
15 number. These minutes default to access billing at a Percent InterLATA Usage
16 (PIU) of 50%.

17 **b) Missing Originating Phone Number**

18 42.5 million minutes are recorded without a calling telephone number. This
19 billing defaults to a PIU of 50%.

20 **b) No Carrier Identification**

21 The MPB records contained 15.6 million minutes that contained no CIC. Billing
22 for these minutes defaults to a LRN and/or OCN. Minutes that cannot be

1 associated with a LRN or OCN default to Verizon with a Percent Local Usage
2 (PLU) of 90%.

3 The sum of the above numbers totals to 64.2 million minutes or 17% of the total billable
4 minutes (369.6 million).

5 **Q. Does Cavalier's proposed contract language address the data problems that you**
6 **just described?**

7 A. Yes, it does, in a variety of ways. We added language in Sections 5.6 (Meet Point
8 Billing) and Section 7.2 (Tandem Transit Traffic Service), first and foremost, to provide
9 an incentive for Verizon to place appropriate billing information on its calls, and second,
10 to insure that it obtains appropriate billing information on calls that transit its network.

11 Mr. Whitt in his testimony provides a detailed explanation of the various proposed
12 contract revisions. Mr. Whitt explains that, for transit arrangements, Verizon is the
13 keeper of the bridge between its network and Cavalier's. Our contract language would in
14 effect require Verizon to monitor the calls on this bridge, and require that the calls be
15 properly routed over the correct trunks with the appropriate call detail. It is like Mr. Cole
16 testifies – getting the cars with the correct license plates into the correct lanes. Verizon in
17 its role as an aggregator of other carriers' traffic should perform this essential function.

18 **Q. Why do you believe this is Verizon's role?**

19 A. For transiting calls to Cavalier, Verizon is compensated by the carrier that delivered
20 the call to Verizon. Verizon charges all such carriers (including Cavalier) for its
21 transiting function. These charges are assessed in accordance with federal and state
22 access tariffs, or by state commission mandates. Should Verizon's position be, in effect,
23 "well, we have our money, but you do not get yours", or, "who cares whether Cavalier

1 has adequate information to bill, since we have what we need”? I would think not. Such
2 an attitude, if widespread, would result in a total breakdown of intercarrier billing. Fraud
3 would be rampant. It is a conduit for stealing access revenue.

4 **Q. Could you not obtain a “PLU” or “PIU” from another carrier to render a bill?**

5 A. The use of a PLU or PIU is a stop-gap measure at best. Cavalier has expended
6 considerable time and resources in developing a billing system that can classify
7 jurisdictional use. The Cavalier billing system bills off of actual call detail. So the use of
8 a PLU or PIU is not in concert with the intent to render accurate bills. Further, given the
9 magnitude of minutes with insufficient billing detail, any PLU or PIU would be fictitious.
10 The problems are, first, the absence of comprehensive data to set the PLU in the first
11 place and, second, the lack of available data to monitor and change the PLU in response
12 to any carrier changes.

13 For example, suppose the roles were reversed such that Cavalier is the transit
14 provider, not Verizon. Cavalier has direct connections with a number of wireless carriers
15 and a number of CLECs, and transits all their calls to Verizon. Let’s further say the call-
16 delivering carrier does not supply call information, such as the all-important Carrier
17 Identification Code (CIC) code, or even NPA/NXX information, or that the NPA/NXX is
18 overridden with another number. Let’s further say Verizon has to negotiate with the
19 call-delivering carrier for a billing factor, such as a PLU Factor or PIU factor. And then
20 let’s say that the call-delivering carrier has an intention to transport calls through Cavalier
21 destined to Verizon as local calls, and not as access. If that were the case, Verizon, like
22 Cavalier would find itself in a pickle. It has absolutely no basis on which to bill.
23 Whether the bill is based on factors is immaterial, since there is nothing to base the

1 factors on. Unless the bridge provider, Cavalier in this case, fulfills a role to monitor the
2 traffic, there would be a wide avenue for those seeking fraudulent usage to drive through.

3 **Q. Does this conclude your testimony?**

4 A. Yes.

1 **Declaration of John J. Haraburda**

2

3 I declare under penalty of perjury that I have reviewed the foregoing testimony and that
4 those sections as to which I testified are true and correct to the best of my knowledge.

5

6 Executed this 22nd day of September, 2003.

7

8

9

A handwritten signature in black ink, appearing to read 'J. Haraburda', is written over a horizontal line.

10

John J. Haraburda

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Petition of Cavalier Telephone, LLC)	WC Docket No. 02-359
Pursuant to Section 252(e)(5) of the)	
Communications Act for Preemption)	
of the Jurisdiction of the Virginia State)	
Corporation Commission Regarding)	
Interconnection Disputes with Verizon)	
Virginia, Inc. and for Arbitration)	

**TESTIMONY OF F. CHAD EDWARDS
ON BEHALF OF CAVALIER TELEPHONE, LLC**

CAVALIER EXHIBIT _____

September 23, 2003

1 **Q. Please state your name, business address, responsibilities, and professional**
2 **background.**

3 A. My name is F. Chad Edwards and my business address is 10329 Stony Run Lane,
4 Ashland, Virginia 23005. As Manager of Assignment for Cavalier Telephone, LLC
5 (“Cavalier”), I am responsible for overseeing and submitting all Local Service Requests
6 (LSR’s) for all analog and digital loops via the Verizon Local Service Interface (LSI) for
7 provisioning. Before working for Cavalier, I attended Randolph-Macon College in
8 Ashland, Virginia, where I earned a B.A. in Sociology.

9 **Q. What issues will your direct testimony address?**

10 A. It will address Issue C9.

11 **DSL**

12 **Q. What changes does Cavalier propose concerning Issue C9?**

13 A. Cavalier proposes to resolve several issues that have affected its offering of digital
14 subscriber line (“DSL”) services over the past four years. I will address two of them.
15 First, I will discuss conflict between the answer received from Verizon’s loop
16 prequalification database about whether a given customer can be provided with DSL
17 service. Second, I will discuss what type of loops Cavalier leases from Verizon to
18 provide DSL service, and what loop-conditioning charges (if any) and other pricing,
19 apply to those loops.

20 **Q. What specific language does Cavalier propose with respect to inconsistent**
21 **loop prequalification?**

22 A. Cavalier proposes a new § 11.2.13 to allow a customer to switch from Verizon to
23 Cavalier DSL service, if that customer sought to obtain DSL service from Cavalier, was

1 told it was unavailable, but was then provided service by Verizon. This proposed change
2 is intended to remedy a situation that several customers have described to Cavalier
3 anecdotally, but which Cavalier has never been able to track precisely. Cavalier expects
4 that a very few customer complaints that trigger this section of the agreement would be

5 **Q. What other changes does Cavalier propose to the language related to DSL-**
6 **compatible loops and pricing in the interconnection agreement?**

7 A. Cavalier has deleted large portions of the loop prequalification language, loop
8 conditioning language, and language related to so-called “digital designed loops,”
9 because these provisions seemed overly complex and did not necessarily mesh well with
10 the types of facilities already ordered by, or used by, Cavalier to provide DSL service.
11 With respect to the loop prequalification database, Cavalier believes that it should have
12 access to the loop prequalification data on the same basis as Verizon, and that this access
13 should be reflected in simple and straightforward language. With respect to the types of
14 loops ordered, the circuit identifiers or other language used in Verizon’s ordering process
15 did not seem to match the language of the interconnection agreement. Cavalier therefore
16 proposed the suggested changes to the portions of § 11.2 that I have already discussed
17 above. For pricing, Cavalier sought to modify Verizon’s language to provide for uniform
18 pricing of DSL-compatible loops, with line conditioning charges set by either the lowest
19 Verizon charge in Cavalier’s footprint or the applicable rate set by the State Corporation
20 Commission. It is my understanding that Cavalier and Verizon have never been able to
21 reach an agreement on the appropriate pricing for non-recurring and recurring charges for
22 these types of loops. However, it is also my understanding that the FCC’s recent
23 *Triennial Review Order*, as well as an FCC order setting new prices for some unbundled